

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 EA-11 IO-14 ISO-00 FEA-02 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 EB-11 FRB-03 H-03 INR-11

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 DRC-01 /224 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7517

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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SUBJECT: EC/ACP SUGAR NEGOTIATIONS

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B) EC BRUSSELS 6197

C) EC BRUSSELS 7292

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1. SUMMARY: THE EC COMMISSION MET WITH AFRICAN, CARRIBEAN, AND
PACIFIC (ACP) SUGAR PRODUCERS LAST WEEK IN ORDER TO ELICIT THE ACP

POSITION ON SUGAR IN THE CONTEXT OF THE EC/ACP NEGOTIATIONS. THE COMMISSION WILL PREPARE NEGOTIATING PROPOSALS FOR CONSIDERATION BY THE COUNCIL OF MINISTERS IN OCTOBER. DISCUSSIONS WITH THE ACP'S WILL CONTINUE THIS WEEK, AND THEY WILL RESUME AGAIN IN OCTOBER. END SUMMARY.

2. THE EC COMMISSION OPENED THE FIRST IN A SERIES OF EXPLORATORY MEETINGS WITH REPRESENTATIVES OF THE ADP SUGAR PRODUCING COUNTRIES ON SEPTEMBER 17M THE COMMISSION HAS NOT YET RECEIVED A NEGOTIATING DIRECTIVE FROM THE COUNCIL ON THE SUGAR ASPECTS OF THE ACP NEGOTIATIONS. THE PURPOSE OF THIS SERIES OF MEETINGS IS TO SURVEY THE ACP SUGAR PRODUCERS' POSITION IN PREPARATION FOR A COMMISSION REQUEST FOR NEGOTIATING AUTHORITY FROM THE COUNCIL.

3. ON SEPTEMBER 17, THE COMMISSION ASKED THAT THE ACP SIDE TO OUTLINE ITS APPROACH TO THE SUGAR NEGOTIATIONS. ON SEPTEMBER 19 THE DELEGATION FROM MAURITIUS PRESENTED THE ACP POSITION PAPER (COPY BEING SENT TO EUR/RPE). THE ACP POSITION ASKS FOR LONG-TERM ACCESS TO COMMUNITY MARKETS FRO A MINIMUM OF 1.4 MILLION TONS OF RAW SUGAR FOR ACP COUNTRIES WHO ARE MEMBERS OF THE COMMONWEALTH SUGAR AGREEMENT (CSA) PLUS AN UNSPECIFIED ADDITIONAL QUANTITY FOR ACP SUGAR PRODUCERS NOT MEMBERS OF CSA (LIKELY TO BE A NEGLIGIBLE AMOUNT). THE ACP PAPER STATES THAT PROBLEMS OF QUANTITY AND PRICE ARE INSEPARABLE AND THAT IF A SATISFACTORY AGREEMENT IS REACHED ON PRICES THE ACP GOVERNMENTS CONCERNED WILL BE PREPARED, DURING THE COURSE OF THE NEGOTIATIONS, TO GIVE THE EC ASSURANCES REGARDING QUANTITIES SUPPLIED. THE AGREEMENT SHOULD PROVIDE FOR INCREASES IN QUANTITY OVER TIME IN ORDER TO TAKE ACCOUNT OF THE INCREASE IN EC DEMAND.

4. THE ACP POSITION NOTES THE GENERALLY SATISFACTORY MANNER IN WHICH THE CSA HAS OPERATED, BASED ON THE PRINCIPLE THAT AN ADVANTAGE BE MAINTAINED IN FAVOR OF THE DEVELOPING COUNTRIES. THE PAPER GOES ON, HOWEVER, TO CITE RECENT ECONOMIC PROBLEMS AFFLICTING THE SUGAR PRODUCERS AND STRESSES THE NEED TO TAKE THIS NEW SITUATION INTO ACCOUNT IN DETERMINING THE PRICE FOR SUGAR. THE ACP'S ALSO STATE THAT THESE PRICES SHOULD BE SUBJECT TO ANNUAL REVISION TO TAKE ACCOUNT OF INFLATION.

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5. THE ACP POSITION ALSO INCLUDES REFERENCES TO THE PARTICULAR PROBLEMS OF ITS LAND-LOCKED AND ISLAND MEMBERS, TO THE NECESSITY FOR SATISFACTORY METHODS OF PURCHASE AND PAYMENT, AND TO THE NEED FOR A "PARTNERSHIP" APPROACH BETWEEN THE EC AND THE ACPS ON THESE SUGAR ISSUES.

6. A MEMBER OF THE COMMISSION TEAM AT THESE THESE TALKS HAS INFORMED US THAT THE EC WILL RESPOND TO PORTIONS OF THE ACPS POSITION DURING DISCUSSIONS THIS WEEK. THE EC POSITION ON PRICES REMAINS UNCHANGED. THE EC WILL NOT PAY A HIGHER PRICE TO ACP SUPPLIERS THAN

IT PAYS TO EC SUGAR PRODUCERS. (THIS SEEMS CONTRARY TO COMMISSIONER LARDINOIS' PROPOSAL TO THE AGRICULTURAL COUNCIL AN EC PURCHASES OF SUGAR FOR THE UK, REFTEL C.) THE BASIC EC APPROACH TO LDC SUGAR PRICES, AS REPORTED EARLIER, WOULD BE BASED ON THE COMMUNITIES OWN SUGAR PRICE, EXPRESSED IN UNITS OF ACCOUNT, AND INCREASING AS THE EC'S INTERNAL PRICE INCREASES.

7. SCHEDULE OF DISCUSSIONS. FOLLOWING THIS WEEK'S SESSION THE TALKS ARE EXPECTED TO ADJOURN TEMPORARILY. OUR SOURCE ANTICIPATES THAT THERE WILL BE FURTHER MEETINGS WITH THE ACP'S LATER IN OCTOBER, POSSIBLY AT THE MINISTERIAL LEVEL. GREENWALD

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